

Trip insights



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What were the key insights from your recent research trip?

Our two-week research trip on the U.S. East Coast in September included meetings with ~45 companies, primarily within the Consumer and Healthcare sectors. The central theme across most discussions was “continued uncertainty,” predominantly driven by shifting policy stances. Excluding this policy concern, the overall narrative trended from neutral to optimistic. Specific sector insights included:

- Consumer Staples companies anticipate that volume weakness will persist but likely will not deteriorate from current levels. In contrast, Consumer Discretionary names generally believe the “consumer is stable” – not necessarily thriving, but certainly not struggling.
- Healthcare firms expressed more optimism, although this needs to be caveated that we met with fewer Pharmaceutical companies, which remain most exposed to the current policy uncertainty storm.

Did the trip change the way you were thinking about the environment?

Ahead of the trip, sentiment following the second quarter (Q2) reporting season had been fairly negative across many Consumer and Healthcare names, with earnings downgrades weighing on both sectors. We expected incrementally negative sentiments, but feedback during the trip was more stable than expected. Management discussions tended to focus either on the near-term trading outlook (the next quarter) or on longer-term strategic priorities (three to five years), with limited visibility on the “middle ground” given ongoing uncertainty around tariffs and policy changes. Notably, the level of discussion around AI applications and potential benefits was markedly lower than the peak of industry enthusiasm about 12 months ago.

What were the most interesting feedback points for companies held in the portfolio?

Among our current holdings, pharmaceutical distributor, **Cencora**, was a standout positive. Management was comfortable with their outlook despite policy uncertainties and reiterated confidence in their ability to exceed their long-term growth algorithm of 8-12% this year, with an expectation to reach the top end of that range next year.

Another encouraging update came from Clean Harbors, where management reaffirmed confidence in the outlook. The company remains well positioned to benefit from any recovery in US industrial production, suggesting scope for potential earnings upgrades as conditions normalise.

Were there any watchlist names that looked interesting during your meetings?

Among companies not currently in the portfolio, **Burlington Stores** was one of the interesting names. Burlington, the \$16 billion market cap challenger in the off-price retail space, is successfully executing its “2.0 strategy”, which involves a focus on smaller stores, enhanced merchandising, marketing, and supply chain optimisation. The stock price recently drifted lower due to a guidance raise that was below market expectations. It now trades at a 24x P/E multiple while offering 15-20%+ EPS growth per annum over the next few years, according to consensus expectations. We are conducting more in-depth analysis to determine if this is potentially an attractive entry point.

Another interesting story was **Insulet Corp**, which sells the Omnipod Automated Insulin Delivery (AID) system. Insulet is the most advanced player in this segment, and the significant runway for AID system penetration implying very strong future growth. However, its high 50x P/E multiple makes it a less straightforward investment idea.

Did you meet with any new companies which are not traditionally on your radar?

Research trips are often excellent opportunities for identifying smaller, promising ideas. The standout in this category of lesser-known stocks was Oddity Tech. Oddity offers an AI-driven online platform that uses data science to identify consumer needs and develop beauty and wellness products. High customer loyalty, growing repeat rates, and continued new customer acquisition make this proposition highly compelling. Since their IPO, the stock has consistently offered earnings beats and seen c.20% earnings growth each year. The impending launch of Oddity’s third brand (currently in soft launch) is a potential near-term growth catalyst. Our investment team has prioritised follow-up work on this interesting name.

How did the qualitative market sentiment expressed during the trip ultimately influence your overall outlook?

Despite elevated market valuations, we concluded the trip confident that pockets of less-crowded opportunities still exist. Uncertainty remains paramount, and companies are reluctant to offer major positive signals, as those walking away from prior positive guidance are being penalised by the market. The Q3 earnings season will serve as the first genuine indicator of the actual impact of tariffs and overall consumer health, which will provide greater clarity on the consumers’ trajectory.

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